BEFORE THE
CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD

THIS DECISION DESIGNATES FORMER BENEFIT DECISION NO. 6816 AS A PRECEDENT DECISION PURSUANT TO SECTION 409 OF THE UNEMPLOYMENT INSURANCE CODE.

In the Matter of:

VERNON B. FELTON
(Claimant-Appellant)

PRECEDENT
BENEFIT DECISION
No. P-B-291

FORMERLY
BENEFIT DECISION
No. 6816

S.S.A. No.

JOHN R. STEELE
(Claimant-Appellant)

S.S.A. No.

LOCKHEED-CALIFORNIA COMPANY
(Employer-Respondent)

Employer Account No.

The claimants appealed from Referee's Decisions Nos. BK-2389 and BK-2640 which held them disqualified for unemployment insurance benefits under section 1256 of the Unemployment Insurance Code, and that the employer's reserve account was relieved of charges under section 1032 of the code. On January 25, 1967 we consolidated the matters for oral argument, consideration and decision in accordance with the provisions of section 5107 of Title 22 of the California Administrative Code. We also accepted as additional evidence the collective bargaining agreement in effect during the period in question between the claimants' union

reduced from $3.76 an hour to $3.66 an hour effective September 26, 1966. His salary would have been reduced ten cents an hour at three-week intervals until December 19, 1966 at which time he would be paid at the lower rate of $3.34 an hour. His first reduction would have been 2.7 percent and the final reduction which would have occurred 12 weeks later would have been 11.2 percent.

The collective bargaining agreement provides in substance that an employee accepting a downgrade preserves his seniority and recall rights to his former classification for a period of 60 months. An employee accepting a layoff in lieu of a downgrade preserves his seniority and recall rights to the job from which he was laid off for a period of 24 months. In cases where an employee had lost his seniority by reason of being on layoff for a period in excess of 24 months, such employees who apply for rehire will be rehired in accordance with their qualifications and previous seniority for openings in classifications to which they previously had recall rights or for which the company is on open hire. Also, such employees will be given preferential consideration in accordance with their qualifications for such openings in classifications where they had no previous recall rights.

The agreement also provides that if during this 24-month period the employee is returned to the employer's payroll the employee retains seniority with the employer for the following benefits: The time awaiting recall will be applied towards vesting in the retirement plan, towards seniority for purposes of promotion, displacement rights, time towards vacation and any interim wage increases which may be agreed upon between the union and the employer, the probationary period of 90 days required of new hires is waived, and benefits become available immediately for group insurance and sick leave.

The record also discloses that if the claimants continued working until the progressive reduction in wages became substantial, the only manner in which the claimants could leave the lower-rated job which they had accepted would be by way of resignations. This would result in the claimants' forfeiture of all their seniority, recall rights, and the other contractual benefits hereinabove mentioned.

In Benefit Decision No. 6054, we held that good cause must necessarily be judged as of the time of leaving.

In Benefit Decisions Nos. 6633, 6639, and 6640, where the reductions in pay were 10.7 percent, 12.7 percent, and 6.7 percent respectively, we held that in deciding if a reduction in wages constitutes good cause for leaving work, the following facts, among other things, must be considered:

(1) The extent of the reduction in pay;
(2) The claimant's prospects for securing other work at a wage commensurate with his prior earnings;
(3) Whether the claimant was aware of the condition of the labor market as it affected him; and
(4) The comparative skills required.

In each of the above cases we held that the claimant had good cause to leave his employment.

As pointed out in the cited decisions above, the reduction in pay alone is not the sole and controlling factor.

Other decisions directly in point with the facts presently before us are Benefit Decisions Nos. 6251 and 6796. In Benefit Decision No. 6251 the claimant had originally been employed as a mechanic and over a period of years had received periodic increases in pay to $2 per hour. Because of a reduction in force the claimant was scheduled to be laid off. His seniority under the collective bargaining agreement entitled him to accept either a layoff or a job in a lower classification. The claimant accepted the lower-rated job with a reduced wage rate of $1.55 per hour, plus a ten-cent shift differential. One week later the claimant was given a new classification with an increase to a basic rate of $1.60 an hour and with potential increases to $1.80 per hour. Two weeks later the claimant resigned because of his dissatisfaction with the wages received. In that case we held that the claimant had left work without good cause. We stated:

In that case, when the claimant left his work, the first reduction in his wages would have amounted to 3.3 percent. In deciding the case we cited Benefit Decision No. 6639 wherein the claimant, on June 29, 1959, was promoted to an aircraft assembler "A" at $2.36 per hour. He worked on the second shift until June 6, 1960 when his rate of pay was $2.67 per hour. This included the shift bonus of 12 cents an hour. On June 6, 1960 the claimant was transferred to the first shift and his pay was reduced to $2.55 per hour. After a series of increases he was earning $2.61 per hour on October 28, 1960. On that date he was offered a transfer to work as an aircraft assembler "B" at $2.33 an hour in lieu of a layoff. The claimant elected the layoff. In that case we stated:

> "In the instant case, the claimant suffered 12.7 percent decrease in rate of pay through a combination of two changes in his employment. One of the changes resulted in the loss of his swing-shift bonus when he was transferred from the swing shift to the day shift. The second would have resulted in a further reduction in pay had he elected to accept the transfer to a lower classification. In our opinion, these two changes in the claimant's working conditions are so related to the termination of his employment that both reductions in pay should be considered."

In commenting on Benefit Decision No. 6639, we stated in Benefit Decision No. 6796 as follows:

> "We recognized that a combination of two or more changes in the claimant's working conditions may be so related to the termination of his employment as to constitute good cause for leaving work when considered together, and should be so considered. So, in the instant case, had the claimant continued working until the combination of his wage reductions became substantial, and if the possibility of recall continued to be uncertain, he then may have had good cause for leaving his work.
>
> "As the claimant, in anticpation of a reduction in his wage from $3.06 per hour

with their prior earnings. The leaving of the claimants' jobs must be measured by the reasonableness of their separation in the light of the entire situation and the total effect on the claimants' employment rights at the time they were offered the choice of a downgrading in lieu of a layoff. In our opinion, the combination of progressive wage rate reductions, the changes of the claimants' working conditions and status under the collective bargaining agreement, and the claimants' prospects of securing new work were so related at the time of the claimants' rejection of the lower-rated jobs as to justify their acceptance of the layoff. We therefore find that the claimants left their work with good cause.

As previously indicated, Benefit Decision No. 6796 is distinguished on its facts, since we did not have evidence before us pertaining to the forfeiture of accumulated rights under the seniority provisions of the collective bargaining agreement.

DECISION

The decision of the referee is reversed. The claimants are not subject to disqualification under section 1256 of the code. The employer's reserve account is not relieved of charges under section 1032 of the code.

Sacramento, California, April 27, 1967.

CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD

GERALD F. MAHER, Chairman

LOWELL NELSON

NORMAN J. GATZERT